

Message Text

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PAGE 01 TEHRAN 05121 191430Z

14

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

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CEA-01 /090 W

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R 191243Z MAY 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7121

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L TEHRAN 5121

E.O.11652: GDS

TAGS: EFIN, GW, UK, FR, IR

SUBJ: IRAN'S FOREIGN CREDITS TO FRANCE AND UK

REF: (A) TEHRAN 1402 (NOTAL), (B) TEHRAN 4911

1. THE MINISTRY OF ECONOMIC AFFAIRS AND FINANCE CONFIRMED TO EMBOFF THE MUCH-PUBLICIZED \$200 MILLION WITHDRAWAL BY IRAN FROM THE BANK OF FRANCE, LEAVING \$500 MILLION DISBURSED TO FRANCE AGAINST THE \$1 BILLION BALANCE OF PAYMENTS AGREEMENT OF 1974. MEAF OFFICIAL SAID THE WITHDRAWAL WAS IN ACCORDANCE WITH THE CREDIT AGREEMENT WHICH PERMITS WITHDRAWAL WITH STIPULATED ADVANCE NOTIFICATION. EMBASSY LACKS KNOWLEDGE OF THE CHARACTERISTICS OF THE IRAN/FRENCH AGREEMENT AND LOCAL FRENCH EMBASSY CONTACTS ARE UNAVAILABLE TO CLARIFY WHAT APPEARS TO BE A HIGHLY UNUSUAL ARRANGEMENT. THE GOI HAD DISBURSED \$700 MILLION AND WAS TO DISBURSE THE REMAINING \$300 MILLION AROUND OCTOBER 1976. REPORTEDLY, THE GOI NEED NOT RESTORE THE \$200 MILLION CREDIT TO FULFILL THE \$1 BILLION AGREEMENT. APART FROM THE PROVISION FOR WITHDRAWAL WITH NOTIFICATION, MEAF OFFICIAL SAYS IRAN CAN CHOOSE TO APPLY THE CREDITS TO IRANIAN IMPORTS FROM FRANCE. BRITISH EMBASSY CONTACT

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PAGE 02 TEHRAN 05121 191430Z

REPORTS THAT MEAF MINISTER ANSARY IS EXTREMELY UPSET OVER THE

REACTION BY THE PRESS AND BANKING CIRCLES TO THIS \$200 MILLION
WITHDRAWAL, BUT SUCH REACTION IS UNDERSTANDABLE GIVEN THE UNIQUE
NATURE OF THIS CREDIT ARRANGEMENT WHICH IN FACT APPEARS MORE OF
A DEPOSIT THAN A LOAN.

2. BRITISH EMBASSY CONTACT SAYS THERE ARE NO SIMILAR FEATURES IN
THE \$1.2 BILLION CREDIT FROM IRAN TO UK (REF A AND THAT HMG
IS COUNTING ON THE SCHEDULED \$200 MILLION DISBURSEMENTS JUNE 30
AND SEPTEMBER 30 OF THIS YEAR.

3. REF B, POUCHED TO INFO ADDRESSEES, REPORTED CONFIDENTIAL
IRANIAN CUMULATIVE FOREIGN ASSISTANCE FIGURES TO END OF IRANIAN
YEAR 2534 (MARCH 20), WHICH INCLUDED \$1662 MILLION TO DC'S.
EMBASSY, USING LOCALLY PUBLISHED INFORMATION, ASSUMED THAT
DISBURSEMENT TO FRANCE INCLUDED THE FULL \$1 BILLION BALANCE OF
PAYMENTS AND \$200 MILLION FIRST TRANCHE AGAINST THE \$1 BILLION
NUCLEAR PROGRAM CREDIT TO FRENCH CEA. ASSUMING THAT THE \$200 MILLION
WITHDRAWAL OCCURRED IN IRANIAN YEAR 2535, EMBASSY NOW CAN ACCOUNT
FOR GROSS DISBURSEMENTS TO DC'S OF \$1300 MILLION -- \$400 MILLION
TO UK AND \$900 MILLION TO FRANCE -- LEAVING \$362 MILLION TO BITS
AND PIECES BELIEVED LOANED TO SCANDINAVIAN COUNTRIES, AND, PERHAPS,
INCLUDING THE INVESTMENTS IN GERMANY'S FRIED KRUPP AND DEUTSCHE
BABCOCK AND WILCOX AG.
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